

Office of Chief Counsel  
Internal Revenue Service

**memorandum**

CC:WR:SCA:LN:TL-N-1771-99  
LNPrimavera

date: MAY 10 1999

to: Quality Review, Laguna Niguel  
ATTN: Jeanette May

from: Lisa N. Primavera, Attorney  
June Y. Bass, Assistant District Counsel  
Southern California District Counsel, Laguna Niguel

---

subject: **Proposed Statutory Notice of Deficiency**  
[REDACTED]

We write in response to your request that we review a proposed statutory notice of deficiency.

We recommend that the statutory notice of deficiency not be issued. As you are aware, this matter was being held in suspense pending the outcome of the taxpayer's objection to the claim of the Internal Revenue Service filed in United States Bankruptcy Court. The taxpayer and the Department of Justice have agreed to a settlement of the claim. A copy of the settlement agreement is attached.

The settlement provides that the taxpayer will pay the Service \$ [REDACTED] in full settlement of the deficiencies for the years in issue, [REDACTED] and [REDACTED]. Thus, the Service is limited to collecting that amount.

As of the date of this memorandum, the Bankruptcy Court has not yet approved the settlement agreement. It is not final until such approval has been received. We expect that the Court will approve the agreement. We will notify you when the Court has signed the order.

We recommend that the taxpayer be requested to execute a Form 872 extending the statute of limitations while the parties await the Bankruptcy Court's action. Once the settlement agreement is approved by the Court, we suggest that you request that the taxpayer execute a Form 870 (or an equivalent form) consenting to the assessment of the \$ [REDACTED] settlement amount. We leave it to your discretion to which year the assessment should be made and the payment applied.

011168

We are returning herewith the original administrative file.

If you have any questions or require our further assistance, please phone attorney Lisa Primavera at (949) 360-2689.

Enclosures: as stated